will do. Shall we take up and complete the Bill within half an hour as it is very urgent?

MEMBERS.—Yes.

MYSORE SALES TAX (THIRD AMENDMENT) BILL, 1955.

Sri Kadidal MANJAPPA.—(Minister for Revenue).—Sir, I beg to introduce the Mysore Sales Tax (Third Amendment) Bill, 1955.

Sir, under rule 165 of the Rules of Procedure and Conduct of Business in the Mysore Legislative Assembly, I beg to move that Rule 59 may be suspended and that I may be permitted to move that the Mysore Sales Tax (Third Amendment) Bill, 1955, be taken into consideration.

Mr. SPEAKER.—Allowed.

Motion to consider.

Sri Kadidal MANJAPPA.—I beg to move:

"That the Mysore Sales Tax (Third Amendment) Bill, 1955, be taken into consideration."

Sir, it is a very simple measure. Hon'ble Members are aware that a few days ago, an adjournment motion had been tabled by Sri. Mulka Govinda Reddy. I had made an assurance that the matter will be examined. It was a question of amending the Act. Without amending the Act, we could not remove the difficulties to which the agriculturists were put. Therefore, this amendment is proposed in the Bill. By this proposal, purchase tax will be levied under section 5. Therefore, if this becomes law, the ryot will not be compelled to pay the purchase tax due in respect of that transaction. Under section 11 only registered dealers who are dealing in articles mentioned in the schedule are entitled to collect the tax that they pay to Government. If they are entitled to collect tax from somebody else, it should be either from the person from whom they purchase or from the person to whom they sell. In this case, according to the provisions now in force, the dealer who was a purchaser has been given the right to collect the tax from the person from whom he purchased. Therefore the rules had to be framed to enable him to collect tax from the ryots. If this tax is levied under section 5, he will not be given the right to collect tax from any person. He will have to pay out of his profits in case of multi-point tax on slab basis.

There is another item in the Bill which relates to the levy of tax on paper. In the schedule, item No. 16 relates to the levy of tax on paper. At present the tax is one in.....

Sri A. BHEEMAPPA NAIK (Molakalmuru).—No, Sir, it is not on paper. It is on newsprint.

Sri Kadidal MANJAPPA.—Hon'ble Member has not understood. Item 16, in the first schedule relates to levy of tax on paper. Paper includes newsprint also. This point was argued by Sri P. R. Ramaiya and a few other members. That argument was supported by several members of this august House. Therefore we thought it fit to reduce the tax on newsprint to give them relief.

Sri Mulka GOVINDA REDDY (Chitaldrug).—They wanted complete exemption.

Sri Kadidal MANJAPPA.—That is not possible. With due deference to the request of the Hon'ble Members, we thought of reducing it to six pies instead of one anna.

Sri A. BHEEMAPPA NAIK.—The rate of levy in Madras, our neighbouring State, is three pies and here also it has to be reduced to three pies, on the same analogy as you raised the rate in the case of beedis.

Sri Kadidal MANJAPPA.—It is three pies at multi-point.

Sri R. MUNISWAMIAH (Bangalore North—Scheduled Castes).—In schedule No. 1, item No. 4—tiles, slabs and marbles—it is stated that tax on tiles are also included.

Sri Kadidal MANJAPPA.—There is no provision in the amending Bill to amend any other provision except those mentioned in the Bill.

Sri K. PRABHAKAR (Nelamangala).—Item No. 4—I would like to know on

(SRI K. PRABHAKAR.)

what basis a difference is made between country brick and other bricks.

Sri Kadidal MANJAPPA.—There is no provision to amend the provision relating to bricks. Perhaps my Hon'ble friend is referring to the annexure in the Bill.

I was submitting that here is another item which relates to levy of tax in the case of non resident non-Mysorean dealers. According to the provisions now in force, only resident dealers who are having their place of business can be made liable to pay the tax. In some cases non-Mysoreans having no place of business here do sell their goods to other unregistered dealers or to some others and thus they avoid paying tax. Therefore to put them on par with the dealers in Mysore who are having their place of business here, we have proposed that the tax may be collected even from the non-resident dealers who are having their place of business in Mysore. These are non-controversial proposals. Our merchants are giving accounts and giving sales-tax in other States. Similarly others must pay. There is a regular procedure for levying and collecting sales-tax in the case of non-resident dealers. These provisions are non-controversial. I suggest that the Bill may be passed very early.

Mr. SPEAKER.—Motion moved:

"That the Mysore Sales Tax (Third Amendment) Bill, 1955, be taken into consideration."

*Sri J. MOHAMED IMAM (Jagalur).—It is true that the changes proposed are non-controversial. I am only anxious that this new amendment, when passed into law, should not create further complication. It should not work to the prejudice of the ryots. I hope the Government will have taken all legal advice to study this question from all aspects. The question is this. The ryot brings his commodity, groundnut, to the market at Chitaldrug or Davangere, and when he sells it, the dispute arises—from whom the sales-tax or the purchase tax, whatever it may be, should be collected. The dispute was: the purchaser said that it was not his business to pay sales-tax and that it should be collected from the dealer who is the grower, and the Grower said that it should be collected from the purchaser. So, the dispute arose. There was deadlock and there was standstill of business for over a week. Hence, the provisions made must be definite and emphatic which should aim that when the groundnut is sold the purchase tax must be collected only from the purchaser and not from the producer. I am anxious that the clause which has been provided here should be explained more clearly. It is stated here:

> "The purchase of ground-nut, whether shelled or unshelled, shall be liable to tax under section 3 only at the point of the first purchase effected in the State of Mysore by the first or earliest of successive dealers to whom the provisions of sub-section (3) of section 3 do not apply and only at the rate of three pies for every rupee on his turnover."

".. at the point of the first purchase..." this purchase term must be definite. To which portion of the transaction does it refer to? Perhaps it may be argued that when the raiyat brings the commodity and hands it over to the dealer, it must be construed as a purchase. "...at the point of the first purchase effected in the State of Mysore by the first or earliest of successive dealers..." I think, this clause requires further clarification. "...the first purchase effected in the State of Mysore by the first or earliest successive dealer". "By the first dealer" means, it includes both the seller and the purchaser. I wish instead of "successive dealer" that it may be stated as 'purchaser'. Let us make the matter more clear; otherwise they would put it for dealer. Controversy does arise whether the purchaser has to pay or the producer has to pay the sales tax.

Sri Kadidal MANJAPPA.—A dealer means, any person who carries on business of buying or selling of goods. The definition is very clear. There is no difficulty and there will be no complications at all in these things.

Sri J. MOHAMED IMAM.—I am concerned only with the term "dealer" which includes both seller and purchaser.

Sri Kadidal MANJAPPA.—I may assure the Hon'ble Member that no such difficulty arises as he envisaging.

Sri J. MOHAMED IMAM.—You know the intelligence of the Lawyers, they will give any interpretation and they are capable of throwing the burden on any person. "The first purchase effected in the State of Mysore by the first or earliest of successive dealers"...

Mr. SPEAKER.—It is quite clear.

Sri J. MOHAMED IMAM.—Dealer includes both the seller and the purchaser...

Sri Kadidal MANJAPPA.—In the Sales Tax (Amendment) Act, 1954, the term 'dealer' has been clearly defined. 'Dealer' means any peron who carries on the business of buying or selling goods in the State of Mysore whether for commission, remuneration or otherwise and includes..."

The definition is quite clear.

Sri J. MOHAMED IMAM.—The purchase tax must be made clear to avoid all further controversy. A purchase tax shall be paid by the earliest purchaser who is also a seller.

Sri Kadidal MANJAPPA.—Please refer to clause 2 in the Bill wherein we have added a word "or purchase".

Sri J. MOHAMED IMAM.—Anyhow Sir, I have indicated my view. I am anxious that this amendment should not cause any further confusion in the minds of the merchant community. Ever since we passed this Sales Tax Act, Government themselves are not sure of their ground and series of amendments have been introduced till now and I do not know how many more amendments will come in there. That, I would suggest to the Government before undertaking any amendment, it is desirable that the Government should study the Bill and the provisions made therefor and then enact a new law so that all these confusions in the future could be avoided.

If we adhere to the provisions of the Constitution, personally I feel, we have no right to levy tax on groundnut because Constitution lays down that edible oil and edible seeds from which edible oil is extracted are exempt from the taxation. Groundnut is meant for the extraction of edible oil and according to the provision of the Constitution, it must be exempted from taxation.

Sri Kadidal MANJAPPA.—I may inform the Hon'ble Member for his benefit that there is a separate Act which does not come under the Constitution.

Sri J. MOHAMED IMAM.—All edible oils and the edible seeds are exempt from any kind of taxation.

Sri A. BHEEMAPPA NAIK.—That exemption comes under the Essential Foodgrains Act. It is one of the 42 items.

Sri J. MOHAMED IMAM.—So, I feel Sir, the levy of sales-tax on groundnut is a violation of the rights conferred on the people, of their privilege, of their not paying any tax on essential goods and the essential articles which are essential for the life of the community. With these few words, Sir, I support this Sales Tax (Third Amendment) Bill, 1955.

Sri P. R. RAMAIYA (Basavangudi).—Sir, I shall be failing in my duty if I do not offer a few pertinent remarks on this amending Bill. Sir, this House is to be apprised of the position that newspaper occupies in this country. Sir, in the first place, newsprint is not manufactured in India; it is imported into India. I can give some figures from the Press Commission. Sir, about 25,000 tons of newsprint is imported into India every year and hence this is an imported stuff. There is a provision in the Constitution which says—I refer to the Indian Constitution, page 104, section 286:—

> "(1) No law of a State shall impose, or authorise the imposition of, a tax on the sale or purchase of goods where such sale or purchase takes place—
>
> (*a*) outside the State; or
>
> (*b*) in the course of the import of the goods, into, or export of the goods out of, the territory of India."

Sir, newsprint is a commodity which is imported into India. Why I mention this is, there are two classes of newspapers in India. There are big papers and small papers. Big papers like Hindu, Indian Express, Statesman, Times of India and Hindustan Standard, they

(SRI P. R. RAMAIYA.)

are the biggest consumers of newsprint in the world. They directly import newsprint into India. For example, to Madras, every month we get hundreds of tons of newsprint and the Government of Madras cannot impose any sales-tax on this imported stuff according to Article 286(b) of the Constitution. Therefore, the big papers are exempted from the payment of sales-tax. Almost all the big papers are published in Madras which is about 200 miles from Bangalore. For example, *the Hindu, the Madras Mail, the Indian Express, Andhra Prabha* and many others. They do not pay any sales-tax in Madras. Because the Constitution forbids any imposition of sales-tax on imported newsprint, they directly import from Norway, Sweden, Austria and Italy, and consequently they are exempt from the payment of any tax. But there are smaller papers there; they have to purchase the newsprint from local bazaar. The importers of newsprint import newsprint for the sake of small dealers. In Madras, there is a General Sales-Tax Act, according to which the newsprint is taxed at quarter of an anna in the case of small papers. Therefore naturally you will find that these small papers have to pay more tax for the newsprint than the bigger newspapers. This is on account of the money power that the big newspapers have. Therefore this is a matter for the consideration of this House whether the smaller papers should be taxed in the way in which they are proposed to be taxed.

Coming to Mysore, there are newspapers here which import newsprint from Madras. There are some newspapers which purchase from the local bazaar or from Madras. Sir, according to this new amendment, what happens is, supposing I import newsprint directly I do not come under the purview of this Sales Tax. Because I have no money I have to get it for day-to-day use; I have to purchase from the local bazaar or from Madras. According to the General Sales Tax Act existing in Madras, if I purchase the stuff, I have to pay three pies tax there and I have to pay railway freight or the lorry freight, whatever it may be and it comes to more than quarter of an anna per rupee. That means, even a small paper in Mysore has to pay a price much higher than the small paper in Madras. Because Madras is a Seaport Town, there he pays only quarter of an anna per lb. according to General Sales-Tax Act. But, we have to pay quarter of an anna if we purchase in Madras *plus* the freight; it comes to Re. 0-0-6. What would be the effect of this imposition of Re. 0-0-6 let us examine. They have got managements whereby they say even the Madras dealer, if he supplies paper here, he has to pay sales tax here at the rate of Re. 0-0-6. So what happens is: I purchase in Madras and he has to pay sales-tax to Mysore Government at half anna per lb. and I have to pay additional levy; it works up to 9 pies. But whereas in Madras, the small newspaper gets the newsprint by paying only quarter anna general sales-tax. Therefore they have taxed half anna more here. Well, this point has to be considered, Sir.

There is another point. Regarding other goods, I can collect sales-tax on spot. But so far as the newspaper is concerned, we sell it at one anna per issue or Rs. 2 per month. I cannot impose any sales-tax upon one anna. And moreover, even as it is today, the newspapers in Mysore State are comparatively in worse situation than the newspapers in Madras as everyone in this House is aware of. Sir, the Madras newspapers give so many pages and we are not able to give even four pages or six pages for one anna, whereas in Madras they give six pages. Therefore the demand for newspaper is very small here. Whereas in Madras it covers bigger area, the whole of South India, here we have a Kannada Province which has been broken into fragments. We have Dharwar paper and Mysore paper. The Northern Karnatak papers are not taxed in this way The Kannada papers should be cheaper for the people here to buy than the foreign papers.

1-30 P.M.

Therefore, it is very necessary that this House considers this aspect.

The Government of India have always made a distinction between news paper and newsprint. I am thankful to the Revenue Minister. It is true that I approached him with a request that newsprint should be exempted, I approached several members of this House. They were kind enough at least to sympathise with me and agree to this suggestion. I presented a petition to the Revenue Minister and other newspaper proprietors also presented a petition to the Revenue Minister. One point was urged at that time by some people—I do not say exactly the Revenue Minister, but some people; 'While this tax was being considered last time, why did you not bring this to the notice of the members. What has happened is, now 'according to the Schedule', (I think that is No. 16)' the dealers who were taking advantage of that Schedule, began collecting one anna per rupee on newsprint from the first of April. In the bazaar they are collecting at the rate of one anna per rupee on newsprint because paper is paper. They said that no distinction was made between paper and newsprint; they said 'We do not know that. Government will collect from us. Therefore, you will have to pay one anna.' Therefore, I brought it to the notice of the Revenue Minister and other members. What happened was, during the last occasion when this tax was being amended, it is unfortunate that I did not bestow sufficient attention, In my innocence I thought paper excluded newsprint. But a dealer now says that paper does not exclude newsprint. Therefore, what has happened is we have to pay one anna more per, rupee. Regarding this commodity 'newsprint' I wish to bring to the kind notice of this House that the Government have made a distinction between paper and newsprint—ordinary paper and newsprint. The Government of India have always been making a distinction between paper and newsprint and even in the 1956 Budget proposals in respect of new excise duties—I refer to page 29 of the Finance Minister's Speech—Part B—they have made a distinction; they have excluded newsprint from the purview of excise duties. Again, let us see what the policy of the Government is with regard to newspapers. The policy of Government with regard to newspapers has always been one of great consideration. The Government of India has placed this subject of newspapers in the Central List in the Schedule—page 182, Schedule No. 92. "Taxes on the sale or purchase of newspapers and on advertisements published therein". It is a Central subject. The Central Government has reserved power for themselves to tax newspapers. I would remind this House of one event. In 1948 when Mysore Government levied sales-tax, they included newspapers also. Newspapers had to pay one-fourth of an anna per rupee. We paid for some time. After the inauguration of the Constitution, the Government were kind enough to exempt newspapers from this sales-tax and I had to mention in this House that the Government refunded to a certain extent the amount that we had paid. (Interruption) Because the tax on newspapers is a Central subject and the Government cannot levy it. This came into effect from the 26th of January 1950. Now let us see what the Taxation Enquiry Commission has to say with regard to newspapers. This is a summary. Page 77:

> "A tax on newspapers and advertisements would not at this stage be worth a flare of opposition which is bound to evoke. A large variety of newspapers would in any case have to be exempted on the ground of hardship. Exemptions would add to the difficulties of administration and the revenue itself would hardly be substantial."

This is what the Mathai Taxation Enquiry Commission says. I have not got the full Report. I am only reading the summary. There you will find that the policy of the Government of India with regard to newspapers is one of consideration. Newspapers are spreaders of knowledge and culture. They do so much of propaganda for all the good things that the Government and the public do and therefore they are vehicles of good knowledge and also they are messengers of goodwill. (Sri B. Narayanaswamy.—No sales-tax on newspapers; only on newsprint.) I am realy surprised that one eminent lawyer here

(SRI P. R. RAMAIYA.)

and another industrialist there do not look behind the lines. You are not taxing a newspaper; you are taxing the newsprint. What is the difference? News are printed on newsprint. You are indirectly taxing newspapers. You may have a comfortable conscience, saying 'We have not taxed newspapers; we have not violated the Constitution." You will find what you are doing. You are indirectly taxing newspapers. I wish this House to take into consideration the position of newspapers if you tax newsprint. Also I wish to say this regarding paper. Paper itself, quite apart from newsprint, I would say, in some stage does not come under sales-tax. I am sorry I have not got that book with me; I have gone through that book 'Sales-Tax in India' It is a compendium of the laws in various States. Many States have exempted paper. When they say 'paper' they also mean 'newspaper.'

ಶ್ರೀ ಜಿ. ಶಿವಪ್ಪ (ಹೊಳಲ್ಕೆರೆ).—ನಿನ್ನೆಯ ದಿವಸ ಈಗ ಮಾತನಾಡುತ್ತಿರುವ ಮಾನ್ಯ ಸದಸ್ಯರು ಹುಣಿಸೇ ಹಣ್ಣಿಗೂ ಟ್ಯಾಕ್ಸ್ ಹಾಕಿ ಎಂದು ಹೇಳಿದ್ದವರು ಈ ದಿವಸ ಅದೇಕೆ ಈ ಕಾಗದದ ಮೇಲೆ ತೆರಿಗೆ ಹಾಕ ಬಾರದು ಎಂದು ಹೇಳುತ್ತಿದ್ದಾರೆ?

Sri P. R. RAMAIYA.—In the State of Delhi they have exempted newsprint from sales tax. Delhi is the capital of India. *The Times of India, Indian Express, Statesman, Amrita Bazaar Patrika*—these are the big guns. There they have exempted newsprint from sales-tax. This State where the newspapers have yet to grow is anxious to levy a sales-tax of half an anna on newsprint. I have already stated that it would have a perilous effect on the growth of newspapers in Mysore. Therefore my submission is, when the Government of India have definitely outlined a policy not to tax newspapers in any manner, I would request the Government of Mysore not to indirectly tax newspapers by imposing sales-tax on newsprint. After all, what would be the collection that the Government would make by levying this tax? I have calculated. I think not more than 500 tons are imported into Mysore, but much of the imported stuff cannot be taxed. Perhaps you will be taxing a few tons and that would affect smaller Papers. You have to help the smaller Papers as against the bigger newspapers and after all, this Government is working for the smaller man. Of course, the Government of India have allowed big newspapers to go on without any tax. Now you are taxing the smaller Papers in an indirect manner. I want to change the heart of some of the members of this House. Because, a few members spoke about newspapers and what they do with regard to some items of propaganda. (*Interruption from some member*)

Sri Kadidal MANJAPPA.—He wanted to change your heart in connection with the tamarind.

Sri P. R. RAMAIYA.—I washed my hands with tamarind and tamarind will go untaxed. Now, Sir, with regard to newspapers, there is one point. Newspapers have a very difficult task to perform.

Sri Kadidal MANJAPPA.—Even the agriculturists too.

Sri P. R. RAMAIYA.—I have abundant sympathy for agriculturists. (A Voice: Sympathy only?) I eat the things that they produce. I am a consumer; I am a very important consumer. Without consumers what will you do with the thing that you grow? Therefore, consumers and growers all should sail together.

Regarding newspapers they have yet to grow and they want the sympathy of every member in this House and everyone outside also. After all, news papers are sometimes praised; sometimes condemned; but all the same, newspapers have to exist, whether you like them or not. They have to perform their duties, sometimes to your taste and sometimes not. All the same, Press plays a very fundamental part in democracy. Therefore for the growth of democracy, you help newspapers also to grow. I do not want to take any more time of this House. Anyhow, I place before this House whatever I believe in an attitude of *Nishkama Karma*; I hope this House will consider my plea and exempt newsprint from sales-tax. But anyhow I am here

to co-operate with everyone. I would have failed in my duty if I had not placed facts as they are and I wish this House to sympathetically consider the points that I have placed before this House. Thank you.

*Sri A. BHEEMAPPA NAIK (Molakalmuru).—First, let me congratulate the Hon'ble Minister for Revenue for his having been so considerate about the difficulties felt by the groundnut growers. This was informed to him just a few days back in this House. He has so quickly brought this Bill to remove the difficulties of the growers of groundnuts. Coming as he does from the class of Agriculturists he has been very sympathetic towards them and also sympathetic to some extent. . .

(Interruption)

He is an agriculturist essentially. He comes from an agriculturist's stock. So, he deserves all our congratulations. At the same time, he has shown some sympathy towards newspapers also by reducing the tax on newspapers to half anna. But he has not fully considered all the aspects. After all, these papers are here for the spread of knowledge. The papers which deserve considaration are all smaller papers. The bigger papers get their newsprint from Madras. They get it direct and escape taxation. But the smaller papers which are about two dozen in number have to purchase in the market and pay six pies. It is some thing like indirectly putting a ban on their marketing. Perhaps he thinks that some of these papers spread sensational news and that they should not be. . .

Sri Kadidal MANJAPPA.—There was no such intention. Why do you read too much ?

Sri A. BHEEMAPPA NAIK.—Because this tax is being levied on smaller papers and bigger papers do not....

Sri Kadidal MANJAPPA.—That applies to all commodities, not only to newsprint.

Sri A. BHEEMAPPA NAIK.—That I infer is this. Bigger papers have financial stability. They get newsprint from Madras direct. While smaller papers purchase through the importer that makes much difference for a small newspaper. Though it is charged at one anna in Madras, it is a multi-point tax. From the big importer the newspaper man purchases it. That is only one end. There it is three pies per rupee. Why should it be six pies here ? Should we make our newspaperman pay more than those that are spreading news in Madras or printing news in Madras? That is not correct. When we taxed the beedi, there was no tax in Madras. But when they taxed beedi, we raised it to three pies, because the neighbouring State did it. On the same analogy, we should reduce the tax on newsprint to three pies as in Madras. Perhaps, it may not be even in thousands that we are going to get from out of newspapers or newsprint. It would be a good thing to show them a consideration of this type. It would go a long way. They are really in the roll of a preacher or teacher. They spread knowledge. They are vehicles of knowledge. They are responsible for the emanation of knowledge. When that is the case, the present tax is something like levying a tax on the teacher. I would earnestly request you to bring it to the level of Madras at least if you cannot completely exempt them from this tax. I again request you to reconsider and bring it to the level of Madras, *i.e.*, at three pies. That would be proper and equitable.

ಶ್ರೀ ಕೆ. ಪ್ರಭಾಕರ್ (ನೆಲಮಂಗಲ-ಅನುಸೂಚಿತ ಜಾತಿಗಳು).—ಸ್ವಾಮಿ, ಈ ಪೆಪ್ಯೊಲಿನಲ್ಲಿ ಇರತಕ್ಕ ಅಂಶಗಳನ್ನು ನೋಡಿದರೆ 4ನೆಯ ಕಲಮಿನಲ್ಲಿ ತಾವು ತಿಳಿಸಿರುವ ಹಾಗೆ 'bricks, tiles' ಎಂದು ಹೇಳಿದ್ದೀರಿ.....

Sri A. BHEEMAPPA NAIK.—That has nothing to do with the amending Bill.

Sri V. M. MASCARENHAS (St. John's-Hill).—I want to draw the attention of the Hon'ble Minister to page 4, to the Statement of Objects and Reasons which says : " Non-resident dealers who have no place of business in the Mysore State and are selling goods directly to consumers and un-registered dealers in the State are at present not liable to pay tax in respect of goods specified in Shedule I." Does that mean that all along you have not been collecting tax from these non-resident dealers ?

Sri Kadidal MANJAPPA.—After the amending Act came into force.

Sri V. M. MASCARENHAS.—Not before that?

Sri Kadidal MANJAPPA.—Not before that.

***Sri Mulka GOVINDA REDDY** (Chitaldrug).—Sir, for the last three years, this is the first time that the Government of Mysore have responded to our reasonable proposition. Sir, the experience, hardship and the inconveniences that are caused to the agriculturists, the producers of groundnut, were brought to the notice of the Government through an adjournment motion tabled by me and also through many representations made to the Government by the ryots association and the agriculturists. Sir, according to the present Act in the schedule, page 7, levy (C) says: "The first purchase in the State of Mysore by the first or earliest of the successive purchasers having a place of business in the State of Mysore to whom the provisions of sub-section (3) of section 3 do not apply irrespective of the fact whether the seller is a grower or not." Item No. 31, groundnut, is governed according to the present Act and schedule under (c). If you read the amendment that is proposed, it reads as follows:—

> "the purchase of groundnut, whether shelled or unshelled, shall be liable to tax under section 3 only at the point of the first purchase effected in the State of Mysore by the first or earliest of successive dealers to whom the provisions of sub-section (3) of section 3 do not apply, and only at the rate of three pies for every rupee on his turnover."

We were emphatic according to schedule and levy point (c) that the agriculturist was not asked to pay the tax on his profits. And now that the Government have come forward with this amendment, it is possible that some interpretation might be given by the concerned persons in this business. If there is an explanation to the effect that when the agriculturist sells his commodity, this groundnut, through the dallal or the dealer in the regular market he is exempted from payment of tax, that would solve this problem. Sir, in this connection, I would like to bring to the notice of the Government the serious handicap and the hardship that is caused to the agriculturist in regular markets. Most of these purchasers who are mill-owners come to some sort of understanding and underbid the commodity. Unless and until Government encourages the agricultural societies to deal in these commodities with a huge capital of 25 lakhs at least for each society, or the Government create their own agency in these regular markets with a capital of 25 lakhs, it is not possible for the agriculturist to get a good price. I would earnestly ask the Government to seriously ponder over this question.

Regarding the second amendment, I am glad that the Government have conceded 50 per cent of the request that was made, not only by press-owners and newspaper men, but also by the members of this Legislature. Sri P. R. Ramaiya has very clearly placed before this House the reasons why this newsprint should be exempted from any tax. It is true that there are two or three classes of newspapers. I am talking of newspapers because the tax on newsprint directly concerns the price of newspapers. He has pointedly made out a case that the small newspapers who are not direct importers from exporting countries and who have to make purchase of newsprint from local dealers will be hard hit by this tax. Sir, the newspaper reader will also be hard hit because when this levy is made on the newsprint, newspapers will have to be sold dearly. It is the business of the State and the people to see that newsprint is within the reach of one and all. Sir, the big newspaper concerns, newspapers combines like the Express Limited may afford to buy. They do not pay at all by importing directly from the exporting countries and they are having huge import quotas from the Government of India and in certain cases, these big newspapers and especially the owners of these big newspapers are making huge profits at the cost of small newspapers. I therefore urge that tax on newsprint

should be done away with and that newsprint should be exempted from this tax. The newspaper reader should also be given some protection in this way that there should be price and page schedule for the newspapers so that large number of newspapers that give a number of pages should be supplied to the newspaper reader at a very cheap rate. I therefore ask the Government to delete this tax on newsprint. I support the Bill.

*Sri B. NARAYANASWAMY (Mysore City-South).—Sir, before I offer my remarks, I would like to know from the Hon'ble Minister why at the time when the original Bill was passed or at the time when it was considered by a committee presided by the Revenue Minister, this newsprint was given up.

Sri Kadidal MANJAPPA.—It was not given up.

Sri B. NARAYANASWAMY.—If it was not given up, what was the reason for not levying sales-tax on newsprint when the original Bill was passed?

Sri Kadidal MANJAPPA.—We were levying sales-tax from 1st April 1955 on newsprint at one anna per rupee.

Mr. SPEAKER.—Now it is reduced.

Sri B. NARAYANASWAMY.—My reasoning is this. Perhaps the Hon'ble Revenue Minister thought that newsprint goes with newspapers and that newspapers mean and also include newsprint. That is why they levied one anna. That is why they want to draw a distinction between newspaper and newsprint. If the newspapers and newsprint go together and the newspapers are exempted—which come under the schedule, I think, Government has to consider whether they will be right in taxing newsprint which comes under newspaper.

(Interruption.)

2 P. M.

A MEMBER.—Who said that it comes under the newspapers?

Sri B. NARAYANASWAMY.—The newsprint is used for newspapers and when newspapers themselves are the Central Subject, newsprint also should be treated as a Central subject; and as such the point is whether this legislature has got power to levy tax on a Central subject. That is a point which we have to consider. Secondly, Sir, on this news print when it is directly imported, no sales-tax is levied. Whereas when it is purchased from a direct dealer, it is being taxed. Would this be reasonable I would like to ask. My friend Sri P. R. Ramaiya just now submitted that sales-tax is not levied on newsprint in Madras, being an imported stuff from foreign countries. If that is the case, would it look reasonable for this House or for this Government to levy sales-tax on this commodity? That is a point for this House and also by the Revenue Minister to consider. The Central Government has not levied any excise duty on newsprint. As such, it is not desirable to levy sales-tax on newsprint. Because it is the intension of all of us here and also of the Government to encourage and to be more considerate towards newspapers; and that is the main reason why newsprint has been exempted from levy of excise duties or even the commodities that are being directly imported from foreign countries. My friend Sri Ramaiya has tried his best to advance his argument, though not for himself, atleast for the sake of other Proprietors of Dailies by having brought his amendment and has thus gone to their rescue. I think Sri Ramaiay's amendment deserves great consideration at the hands of Government.

Sri P. R. RAMAIYA.—I have not yet moved my amendment, Sir.

Sri B. NARAYANASWAMY.—Anyhow, Sir, this levy of sales-tax on newsprint would certainly hit hard upon small dailies that are being issued in Mysore State. There are small papers which deserve great consideration at the hands of the Government. I would request the Hon'ble Minister to kindly examine the question of not to levy sales-tax on newsprint and to omit this commodity from the purview of this Bill.

*Sri R. ANANTARAMAN (Chamarajpet).—Mr. Speaker, Sir, my friend Sri P. R. Ramaiya and also Sri Narayanaswamy have supported the fact that sales-tax on newsprint may kindly be deleted. In this particular case, I want

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to know what is the sales-tax recoverable under this item. I learn, it will not be more than Rs. 50,000 to Rs. 60,000 at the rate of one anna. Now if it is reduced to 6 pies, it will be Rs. 20,000 or Rs. 25,000 only. In view of this small income out of this item, I would request the Government to see that this tax is deleted from the bill.

Sir, ours is a young democracy, we want to see more newspaper readers. If the tax is levied on the newsprint, there will be very few newspaper readers. And I may tell you, Sir, in Bangalore City, so many dailies came up in the beginning but now hardly 50 per cent of them are running, mostly under loss. Excepting one or two newspapers which are run by big firms, others are running under a loss. Newspapers from outside, of course, they are being run by big managements. Our local dailies would certainly suffer on account of the imposition of sales-tax It is better to omit this provision. It would not be nice to levy tax for the sake of Rs. 20,000 or Rs. 25,000.

Mr. SPEAKER.—Now the Minister will reply.

Sri Kadidal MANJAPPA.—Sir, I was listening to the arguments advanced by some Hon'ble Members urging for the abolition of sales-tax in respect of newsprint. I have also heard the very same Hon'ble Members arguing for the need for restoration of tanks and for conferring small amenities in their respective constituencies. My friend Sri Bheemappa Naik just an hour ago, he was pleading that the projects in Molakalmuru taluk have not been taken up in large numbers. If it was possible, I could have as well argued in favour of newspaper editors or proprietors. I can be as sympathetic as the Hon'ble members are towards the newspaper concerns. Sir, the administration has to run. The Hon'ble Member Sri P. R. Ramaiya must be thankful to Government that, after taking into consideration the request made by him and the other Hon'ble Members, we have proposed to reduce the tax by 50 per cent. After taking into consideration the request made by some members, the Government had thought of reducing the tax. But now here is a plea for complete abolition of the tax.

Sri P. R. RAMAIYA.—I wish to correct the Hon'ble Minister. I have always pleaded for exemption but not for reduction to 50 per cent or 25 per cent.

Sri Kadidal MANJAPPA.—Personally I can plead for exemption of all commodities from the levy of sales-tax. Why should a poor agriculturist be taxed? Why should the consumers be taxed? This kind of argument can be advanced in the case of any other commodity. Therefore, I would earnestly appeal to the Hon'ble Members to be satisfied with the concession that the Government has thought of giving to the newspaper proprietors.

Sri Imam pointed out that the levy of sales-tax on groundnut is against the provisions of the Constitution. In the Constitution it has been laid down that it is open to the Parliament to enact a law prohibiting the levy of taxes in respect of certain goods which are essential to the life of the community. The Parliament has, in accordance with constitutional provisions, passed an Act called the Essential Goods and Declaration of Taxes on Sale or Purchase Act, 1952. No doubt, I quite see that edible oil is exempted from the payment of tax under this Act. But in the case of this commodity, *viz.*, the groundnut, it was subject to tax long before the Act came into force.

Further, we have taken the permission of the President to levy sales-tax on groundnut. We are going to lose considerable amount of revenue if groundnut is also exempted in addition to the edible oils. The Sales-tax Committee, after considering all the aspects of the case, has recommended that edible oil may be exempted and that groundnut may be taxed at a single point. The amending Act which provides for the levy of purchase tax on groundnut has received the assent of the President and there is no constitutional difficulty for levying purchase tax in the case of groundnut. It is perfectly in accordance with the Constitution.

Mr. SPEAKER.—It is provided in sub-clause (3). Unless they obtain

the permission of the President, they cannot levy the tax.

Sri J. MOHAMED IMAM.—With due deference to the President, when it is provided in the Constitution and when the Parliament has passed an Act exempting this article, there was no need to obtain the permission or the assent of the President.

Sri Kadidal MANJAPPA.—I am sorry, the Hon'ble Member has not gone through the provisions in the Constitution carefully. I have no objection to read the relevant portion :

> "Article 286 (3). No law made by the Legislature of a State imposing, or authorising the imposition of, a tax on the sale or purchase of any such goods as have been declared by Parliament by law to be essential for the life of the community shall have effect unless it has been reserved for the consideration of the President and has received his assent."

This provision is very clear. We are not imposing the tax on groundnut for the first time. With due deference to the wishes of the Hon'ble Members I have brought forward a Bill to remove certain difficulties and now the very same members are advancing arguments for the exemption of this commodity from the levy of sales-tax. It is a very fine argument. It was stated that in Madras the levy on newsprint is 3 pies per lb. But the Hon'ble Members must not forget that in Madras the levy is at multi-point and not at single point. There the tax levied is 3 pies per rupee at multi-point. Here it is at single point.

Sri P. R. RAMAIYA.—I request the Minister to kindly listen to one point, Sir.

	Rate of tax.
(1) In the case of every dealer whose total turnover is Rs. 7,500 and above, but not exceeding Rs. 10,000.	Rs. 25 per annum.
(2) In the case of every dealer whose total turnover exceeds Rs. 10,000 but does not exceed Rs. 25,000.	The rate specified in item (1) on the turnover not exceeding Rs. 10,000 and two pies in the rupee on the turnover exceeding Rs. 10,000.
(3) In the case of every dealer whose total turnover exceeds Rs. 25,000.	The rate specified in item (2) on the turnover not exceeding Rs. 25,000 and three pies in the rupee on the turnover exceeding Rs. 25,000.

Sir, in Madras this commodity is not taxed on the turnover basis. But here if you tax the newsprint on turnover basis, it would be Re. 0-0-3. Here you have brought it under Schedule I under single point and have levied six pies. Is it justified, Sir? I would request you kindly to follow at least the Madras practice.

Sri Kadidal MANJAPPA.—It is too late to consider all those suggestions now. With great difficulty I was able to introduce this Bill today in order to meet the wishes of the Hon'ble Members who pleaded for the paper industry. I cannot consider any other suggestion. It is open to the Hon'ble Member to approve of the Bill or not.

Sri P. R. RAMAIYA.—I do not want the Minister to speak in such dogmatic manner.

Sri Kadidal MANJAPPA.—It is not dogmatism. I am not levying sales-tax for my personal benefit, it is for the State I am levying this tax.

Sri P. R. RAMAIYA.—Here I only pointed out the practice obtaining in Madras and in Mysore. In Madras the levy is at 3 pies, and here it would be 6 pies and at single point. It was my duty to point out. The Hon'ble Minister need not think otherwise in this matter.

Sri Kadidal MANJAPPA.—All these points were considered by the Sales Tax Committee and they came to the conclusion that tax should be levied at

(SRI KADIDAL MANJAPPA.)

single point on paper which includes newsprint also. Therefore, it is too early to consider the question of shifting this commodity from the single point levy to the multi-point levy. We may consider it at a later stage. At one stage the merchant community were complaining that the multi point levy was causing them a good deal of trouble and that we should resort to single point. If we resort to single point, now they turn round and say that we should go back to the multi-point. It is quite easy to say, but it is difficult for the Government to change it as and when the merchants come forward with a specific argument.

It was argued that small Papers would be hit hard on account of this levy. This argument applies to all other commodities and all other dealers. If big proprietors import new print from Madras, the person who sends the goods will have to pay sales-tax and that will be an additional charge so far as the purchaser is concerned.

Sri P R RAMAIYA.—I will read the relevant Article of the Constitution—286 (i) (b):—

"In the course of the import of the goods into, or export of the goods out of, the territory of India."

"in the course of the import of the goods into..."; how can you tax?

Sri Kadidal MANJAPPA.—But when it is delivered here, that transaction can be taxed and the person who has sold the goods will be liable to pay the tax according to the Supreme Court decision. My friend Sri B. Narayanaswamy argued that it is a Central subject and the State Legislature has no jurisdiction to levy the tax. With due respect, I must tell him that newsprint is not a Central subject and we have got legislative competence to levy tax.

Sri B. NARAYANASWAMY.—Every newspaper has to go along with newsprint and every newspaper has been exempted or it becomes the Central subject. How can a State Legislature enter into newsprint which goes along with newspapers? They are to be considered together.

Sri Kadidal MANJAPPA.—I am submitting that even in Madras the Government is levying sales-tax on newsprint and this commodity does not come under the Union List. We have got perfect legislative competence concerning this commodity. If this argument can be stretched a bit further, it is quite possible to argue that ink and other articles required for printing should be exempted. Therefore, I submit in conclusion that the proposals placed before the House are reasonable and are acceptable.

Mr. SPEAKER.—The question is:

"That the Mysore Sales Tax (Third Amendment) Bill, 1955 be taken into consideration."

The motion was adopted.

Mr. SPEAKER.—Now clauses of the Bill. Sri P. R. Ramaiya has sent in an amendment in respect of Clause 6. Does he intend to move it?

Sri P. R. RAMAIYA.—In view of the remarks made by the Revenue Minister, I don't think my moving an amendment serves any purpose. I don't move it.

Mr. SPEAKER.—Clauses 2 to 6. The question is:—

"That Clauses 2 to 6, both inclusive, stand part of the Bill."

The motion was adopted.

Clauses 2 to 6, both inclusive, were added to the Bill.

Mr. SPEAKER.—Clause 1. The question is:—

"That Clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

Mr. SPEAKER.—Title and Preamble. The question is:

"That the Title and the Preamble stand part of the Bill."

The motion was adopted.

The Title and the Preamble were added to the Bill.

Motion to pass.

Sri Kadidal MANJAPPA.—I beg to move:

"That the Mysore Sales Tax (Third Amendment) Bill, 1955 be passed."

Mr. SPEAKER.—Motion moved :

"That the Mysore Sales Tax (Third Amendment) Bill, 1955 be passed."

Sri P. R. RAMAIYA.—Before it is put to vote. I wish to appeal to the Revenue Minister. Now as it stands, it may go, but we should take the earliest occasion to consider this question again and decide in favour of newspapers.

Sri Kadidal MANJAPPA.—I am not in a position to make a definite statement at this stage. It is a question of fiscal policy. I will have to consult the Chief Minister.

Mr. SPEAKER.—The question is :

"That the Mysore Sales Tax (Third Amendment) Bill, 1955 be passed."

The Motion was adopted.

Sri J. MOHAMED IMAM.—It is necessary, I think, that this should be given effect to immediately. Is it necessary to send it to the President for obtaining his assent ?

Sri Kadidal MANJAPPA.—As I understand. there will not be any need for sending it for the assent of the President because we are not changing the rate of levy. Anyhow, we will try to give effect to it as early as possible.

Sri P. R. RAMAIYA.—Recently, the Lok Sabha has passed a Bill where they have included several commodities under essential commodities item ; they have brought in many commodities and I wish to say that newsprint is also one such thing brought under essential commodities' section. Therefore, I don't th nk the Government of Mysore can straightaway have the pleasure of levying this tax.

Mr. SPEAKER.—What the Minister says is this, that there is no new tax contemplated in the Bill to obtain the consent of the President ; it is only a reduction. In the case of groundnut it is only a question of changing the incide ce of taxation.

Sri P. R. RAMAIYA.—It is not reduction for the first time. A new tax is imposed upon newsprint. Therefore, I say this is a matter which is under the compentence of the President, not merely of this Government.

DISCUSSION ON THE FACT FINDING COMMITTEE REPORT (*Contd*).

Mr. SPEAKER.—Now the next item of business, discussion on the Fact Finding Committee Report. Sri M. Chikkalingaiah may continue his speech.

*ಶ್ರೀ ಎಂ. ಚಿಕ್ಕಲಿಂಗಯ್ಯ (ಮಳವಳ್ಳಿ-ಅನುಸೂಚಿತ ಜಾತಿಗಳು).—ಸ್ಪೀಮಿ, ನಾನು ಹಿಂದಿನ ದಿನ ಮಾತ ನಾಡುತ್ತಿರುವಾಗ ಈ ರಾಜ್ಯಗಳ ಪುನರ್ವಿಂಗಡಣೆಯ ವಿಚಾರದಲ್ಲಿ ನಾವು ಒಂದು ಉದಾರ ಮನಸ್ಸಿನಿಂದಲೂ ಮತ್ತು ಈ ಪ್ರಶ್ನೆಯನ್ನು ಒಂದು ದೇಶದ ಹಿತದೃಷ್ಟಿ ಯಿಂದ ವಿಮರ್ಶೆ ಮಾಡುತ್ತಿರುವಂಥ ಕಾಲದಲ್ಲಿ ಈ ಮಹಾ ಪ್ರಶ್ನೆಯನ್ನು ಅಷ್ಟು ನುಲಭವಾಗಿ ಆಗಲೆ ಅಥವಾ ಲಘುವಾಗಿಯಾಗಲ್ಲ ವಿಚಾರಮಾಡಬಾರದು ಎಂದು ಹೇಳುವಷ್ಟು ಹೊತ್ತಿಗೆ ಆ ದಿವನ ಕಾಲ ಮುಗಿ ಯಿತು. ಈಗಾಗಲೇ ಮಾತನಾಡಿರತಕ್ಕಂಥ ನದನ್ಯರ ಪೈಕಿ ಕೆಲವರು ನಮ್ಮ ಮೈಸೂರು ಈಗಿರುವಂಥ ಮೈಸೂರು ಮುಂದಕ್ಕೂ ಉಳಿಯಬೇಕೆಂದು ಹೇಳಿದ್ದಾರೆ. ಇನ್ನುಳಿದವರು ಈಗಿರತಕ್ಕಂಥ ಮೈಸೂರು ಇನ್ನೂ ವಿಶಾಲವಾಗಬೇಕು ಎಂದು ಹೇಳಿ ದ್ದಾರೆ. ನಮ್ಮ ಮಂಡ್ಯಾಜಿಲ್ಲೆಯಿಂದ ಬಂದಿರ ತಕ್ಕಂಥ ಮುಖಂಡರಾದಂಥ ಶ್ರೀಮಾನ್ ಎಚ್. ಕೆ. ವೀರಣ್ಣಗೌಡರ ವಿಷಯದಲ್ಲಿ ನನಗೆ ತುಂಬ ಗೌರವ ವಿದೆ. ಅವರು ಸ್ವಾತಂತ್ರ್ಯಕ್ಕಾಗಿ ತುಂಬ ಶ್ರಮಿಸಿ ದವರ - ಪೈಕಿ-ಒಬ್ಬರಾಗಿದ್ದಾರೆ. ಆದರೆ ಇಂಥವರ ಬಾಯಲ್ಲಿ ಆ ರೀತಿ ಡೋಲಾಯಮಾನವಾದಂಥ ಒಂದು ಹೇಳಿಕೆ ಹೊರಬೀಳುತ್ತದೆಂದು ನಾನು ಖಂಡಿತ ತಿಳಿದಿರಲಿಲ್ಲ. ಅವರು ರೋಕಾಭಿರಾಮವಾಗಿ ಕೆಲವು ಭಾಷೆಗಳ ವಿಚಾರವನ್ನು ಪ್ರಸ್ತಾಪಿಸುತ್ತಾ ಉತ್ತರ ದೇಶದ ಕೆಲವು ಕನ್ನಡ ಭಾಷೆಯ ಪದಗಳನ್ನು ಹೇಳಿ ಅನಂತರ ಇಲ್ಲಿ ನಮ್ಮ ದೇಶದ ಭಾಷೆ ಹೇಗಿದೆ ಎನ್ನುವುದನ್ನು ಪ್ರಸ್ತಾಪಮಾಡಿ, ಹಾಗೆ ಒಂದ ಕ್ಕೊಂದಕ್ಕೆ ನ್ವಲ್ಪ ವ್ಯತ್ಯಾಸವಿದ್ದೇ ಇರುತ್ತದೆಂದು ಒಂದು ಅಭಿಪ್ರಾಯವನ್ನು ವ್ಯಕ್ತಪಡಿಸಿದ್ದಾರೆ. ಆದರೆ ನಾನು ಹೇಳುತ್ತೇನೆ, ಈಗ ನಮ್ಮ ಮೈಸೂರಿನಲ್ಲಿ ಆಡತಕ್ಕಂಥ ಕನ್ನಡಕ್ಕೂ ಹೊರಗಡೆಯವರಾಡತಕ್ಕಂಥ ಕನ್ನಡಕ್ಕೂ ವ್ಯತ್ಯಾಸವಿರತಕ್ಕದ್ದು ಹಾಗಿರಲಿ, ನಮ್ಮ ಮೈಸೂರು ಸಂಸ್ಥಾನದಲ್ಲೇ ಮೈಸೂರು ಮಂಡ್ಯಾ ಜಿಲ್ಲೆಗಳವರು ಆಡತಕ್ಕಂಥ ಕನ್ನಡ ಭಾಷೆಗೂ ಮತ್ತು ದಾವಣಗೆರೆಯ ಪ್ರಾಂತ್ಯದಲ್ಲಿರತಕ್ಕಂಥ ಜನರು ಆಡ ತಕ್ಕಂಥ ಕನ್ನಡ ಭಾಷೆಗೂ ಬಹಳ ವ್ಯತ್ಯಾಸವಿದೆ. ಹೀಗೆ ಒಂದೊಂದು ಕಡೆ ಒಂದೊಂದು ರೀತಿ ಇರುತ್ತದೆ. ಪಟ್ಟಣದಲ್ಲಿರತಕ್ಕವರಾಡುವ ಭಾಷೆಗೂ ಮತ್ತು ಹಳ್ಳಿ ಯಲ್ಲಿರತಕ್ಕವರು ಆಡುವ ಭಾಷೆಗೂ ನ್ವಲ್ಪ ವ್ಯತ್ಯಾಸ ವಿದ್ದೇ ಇದೆ. ಆದರೆ ಹೀಗೆ ಇರತಕ್ಕಂಥ ಈ ಸಣ್ಣ ವಿಚಾರವನ್ನೇ ಒಂದು ಆಧಾರವಾಗಿಟ್ಟುಕೊಂಡು ಮಾತ ನಾಡುವುದು ಎಷ್ಟರಮಟ್ಟಿಗೆ ಈ ಪ್ರಶ್ನೆಗೆ ಅನ್ವ ಯಿಸುತ್ತದೆ ಅಥವಾ ಇಲ್ಲ ಎನ್ನುವಂಥ ವಿಚಾರಕ್ಕೆ ನಾನೀಗ ಪ್ರವೇಶಮಾಡದೆ ಇದನ್ನು ಇಲ್ಲಿಗೇ ಬಿಟ್ಟು ಬಿಡುತ್ತೇನೆ.

Sri H. K. VEERANNA GOWDH (Maddur).—It only shows your standard of understanding my speech.

ಶ್ರೀ ಎಂ. ಚಿಕ್ಕಲಿಂಗಯ್ಯ.—ನಾನು ಆ ವಿಚಾರ ವನ್ನು ಮೊದಲೇ ಹೇಳಿದ್ದೇನೆ. ಈ ವಿಷಯದಲ್ಲಿ ಅಷ್ಟಾಗಿ ಕಾಮೆಂಟ್ ಮಾಡುವುದು ಸೂಕ್ತವಲ್ಲ ಎಂದೇ